

Middle class incomes had their fastest growth on record last year

By **Jim Tankersley** September 13 at 10:13 AM

Middle-class Americans and the poor enjoyed their best year of economic improvement in decades in 2015, the Census Bureau reported Tuesday, a spike that broke a years-long streak of disappointment for American workers but did not fully repair the damage inflicted by the Great Recession.

Real median household income was \$56,500 in 2015, the bureau reported, up from \$53,700 in 2014. That 5.2 percent increase was the largest, in percentage terms, recorded by the bureau since it began tracking median income statistics in the 1960s.

In addition, the poverty rate fell by 1.2 percentage points, the steepest decline since 1968. There were 43.1 million Americans in poverty on the year, 3.5 million fewer than in 2014. The share of Americans who lack health insurance continued a years-long decline, falling 1.3 percentage points, to 9.1 percent.

A combination of forces fueled the gains, including an improving job market, low inflation and rising wages, particularly for low-earning workers who may have benefited from state and local initiatives to boost minimum wages.

And while incomes increased for men and for women - with the income gap between the two genders narrowing slightly - and across racial and ethnic groups, they did not

reach all workers evenly. Median incomes did not budge significantly in rural areas, while in cities, they grew by 7.3 percent. The South saw significantly weaker income growth than the West.

On health care, states that expanded Medicaid under the Affordable Care Act continued to see a decline in their uninsured rate, widening a coverage gap with those states that did not expand the program.

The numbers from the government's annual report on income, poverty and health insurance, complicate the economic narrative underpinning the 2016 presidential election. They were hailed by the Obama administration and by Hillary Clinton, the Democratic nominee, but greeted with silence by Republican nominee Donald Trump, who frequently cites median income stagnation as a sign of American decline.

"This exceeds the strong expectation that I already had," Jason Furman, chairman of Obama's Council of Economic Advisers, said in an interview, in which he called the income report the strongest ever from the Census Bureau. "The news here is the growth rates. I've read the last 21 reports, including this one. I have never seen one like this, in terms of, everything you look at is what you'd want to see or better."

Some Republicans discounted the improved outlook, saying the overall numbers remain weaker than they should be.

"Today's report is another disappointing confirmation that too many Americans are still struggling to provide for their families and reach their full potential. The federal government invests billions of dollars each year in programs to help low-income Americans — but more than 43 million people continue to live in poverty. It shouldn't be this way in America," House Ways and Means Committee Chairman Kevin Brady (R-Tex.) said in a statement.

The numbers appear to run counter to Trump's contention that America is in decline and working people's lives are getting worse. Trump frequently cites median income stagnation, relying on previous Census data, on the campaign trail. His campaign had not released a statement on the new Census report as of midday Tuesday.

One of Trump's economic advisers, Stephen Moore, cautioned in an interview that the

2015 increase could be a "blip" that fades in 2016, because the economy is growing slowly, and that they still do not make up for more than a decade of income stagnation.

"It's a very good thing that we finally have some income growth for middle-class families," Moore said. "But the most depressing thing about where we stand in America – and I think this is why the Trump phenomenon has taken hold – is that the average American is still poorer today than it was 15 years ago."

Clinton has argued that the economy is improving under President Obama but that working families still need more help to get ahead. Her campaign said Tuesday that the Census numbers reinforce that view.

"These are really positive numbers by and large. They show real progress," said Jacob Leibenluft, a senior policy adviser to the Clinton campaign. He added: "This is definitely at odds with the picture that Trump provides."

Liberal economists said it was encouraging that the gains started with the workers who earn the least. Income grew most for the lowest-earning workers and least for the highest-earning ones, though all income groups saw improvement.

"The highest income growth was in the bottom fifth" of workers, "which is very welcome news," said Lawrence Mishel, president of the liberal Economic Policy Institute think tank. Furman, of the White House, credited wage-boosting policy initiatives for some of that increase: "The fact that millions of workers have gotten a raise, as states have raised minimum wages, has definitely had an effect there," he said.

All told, the gains brought median incomes nearly back to their levels before the recession, after adjusting for inflation, though they remain below 1999 levels. Bureau officials said the 5.2 percent growth rate was not statistically distinguishable from five other previous increases in the data, most recently the 3.7 percent jump from 1997 to 1998.

Several measures had suggested that 2015 was strong for wage growth. Other indicators had pointed to an improvement for the Americans who are the worst off.

The unemployment rate had declined to 4.9 percent as of last month.

Since 2014, increases in wages have accelerated for the one in five workers earning the least, according to new research by Bank of America. In this group, wages are now increasing at roughly 4 percent year over year.

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Last week, the Agriculture Department released its annual data on hunger in the United States, showing that food insecurity declined substantially last year for the first time since the recession.

The share of food-insecure households was 12.7 percent last year, down from 14 percent in 2014. Before 2014, food insecurity had remained stubbornly persistent, improving only modestly from an apex of 14.9 percent in 2011. The Agriculture Department defines food security as having access to “enough food for an active, healthy life.”

Indicators of economic confidence have risen this year, and with them, Obama's approval rating.

“We’re finally in the moment when the middle class and some lower-income families are feeling the benefits of economic growth,” said Neera Tanden, president of the liberal Center for American Progress think tank and a Clinton adviser. “That it’s taken this long shows something about the structure of the economy.”

Max Ehrenfreund contributed to this report.

Jim Tankersley covers economic policy for The Post. He's from Oregon, and he misses it. [🐦 Follow @jimtankersley](#)

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